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Proposed Amendments to the Improper Solicitation and Graft Act: Preventing Undue Influence on the Private Sector

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On July 16, 2026, the Anti-Corruption & Civil Rights Commission ("**ACRC**") issued its work plan report for the second half of 2026. With respect to its anti-corruption agenda, Chairperson Il Yeon Jeong identified the ACRC's principal initiatives for the remainder of the year as: (i) amending the Improper Solicitation and Graft Act("**ISGA**"or "**the Act**") to establish a statutory prohibition against improper solicitation by public officials directed at the private sector; (ii) expanding protections and reward programs for individuals who report corrupt conduct; (iii) strengthening the ACRC's investigative authority in relation to such conduct; and (iv) supporting companies in establishing and operating voluntary internal control systems. The key aspects of these initiatives, together with the principal considerations for companies, are discussed below.

First, the current ISGA prohibits any person from making an improper solicitation in connection with the duties of a public official and enumerates 15 categories of such duties subject to that prohibition, including permits and licenses, subsidies, and bidding processes (Article 5 of ISGA). The Act does not, however, prohibit a public official from making an improper solicitation to a private individual in connection with private-sector matters.

In its report, the ACRC announced plans to pursue amendments to ISGA that would prohibit public officials from making improper solicitations to private individuals in connection with 10 categories of private-sector matters, including recruitment/human resources and contract negotiation. Violations would be subject to an administrative fine of up to KRW 30 million.

Previously, where a public official made an improper demand to another person, such conduct could be prosecuted under the Criminal Act as abuse of authority, coercion, or interference with business (Articles 123, 324, and 314 of the Criminal Act, respectively). If the proposed amendments are enacted, conduct that does not rise to the level of a criminal offense under those provisions may nevertheless be prohibited and subject to legal sanctions under the ISGA.

Second, under the current ISGA, a person who voluntarily reports his/her own violation of the Act may be eligible for a reduction of, or exemption from, criminal penalties, administrative fines, or other sanctions arising from the person's own unlawful conduct. In addition, when a report of violation under the Act results in a financial benefit or prevention of loss of a public institution, the reporting person may receive a monetary award or compensation of up to KRW 3 billion (Article 15 of the ISGA; Article 77(2) of the Enforcement Decree of the Act on the Prevention of Corruption and the Establishment and Management of the Anti-Corruption and Civil Rights Commission).

According to the ACRC's report, the current monetary cap is expected to be replaced with a percentage-based formula, under which compensation would be calculated as a specified percentage—30%—of the resulting increase in revenue or reduction in costs.

Whistleblower protections are currently governed by several statutes, including the Public Interest Whistleblower Protection Act, the Act on Protection of Specific Crime Informants, Etc., and the Act on the Prevention of Corruption and the Establishment and Management of the Anti-Corruption and Civil Rights Commission. The ACRC now plans to pursue the enactment of a comprehensive framework statute governing whistleblower protection. If enacted, such legislation is expected to further facilitate and incentivize reporting of unlawful practices from insiders to external agencies.

Third, under the current ISGA, when the ACRC receives a report of violation, it first verifies the relevant facts with the reporting person and then refers the matter, depending on the nature of the alleged violation, to the institution where the reported violation occurred or its supervisory authority, the Board of Audit and Inspection, or public investigative agencies such as police. The institution receiving the referral is responsible for conducting the investigation and reporting its findings to the ACRC (Article 14(2) and (3) of the ISGA).

The ACRC's report indicates that legislative amendments will be pursued to expand the ACRC's own investigative authority, including by granting it the power to investigate reported persons directly.

Fourth, the current ISGA neither explicitly requires companies to establish and operate internal anti-corruption compliance programs nor provides for specific mitigation of sanctions or penalties based on the existence or operation of such programs. In other developed jurisdictions, however, whether a company has maintained an effective compliance program in the ordinary course of business is a key consideration in determining whether sanctions or penalties should be imposed in a particular case and, if so, their severity.

According to the ACRC's report, during the second half of this year, the ACRC plans to assess the anti-corruption compliance systems of 20 public or private companies and provide consulting services to support their improvements. The ACRC is also expected to develop, by year-end, a roadmap for the full-scale implementation of companies' anti-corruption compliance systems. These initiatives are expected to result in more detailed guidance regarding the internal compliance systems that companies should establish and operate to ensure compliance with the ISGA.

Shin & Kim's Anti-Corruption and Internal Investigations Team regularly advises domestic and multinational companies and public institutions on conducting internal investigations and responding to external investigations involving alleged violations of anti-corruption regulations. The team also conducts risk assessments, advises on remedial measures, and provides anti-corruption compliance training for companies. For further information regarding the matters discussed in this newsletter, please contact any of the attorneys listed below.

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